

## Beyond Economics: Building collective responsibility for sustainable livelihoods

### *Conversations from the Hague*

**A special issue of *Development*<sup>1</sup> entitled *Beyond economics* challenges the economic principles driving the interlocked global crises of food, climate and finance of our time. The journal asks what needs to change in economic thinking and policy. What could these changes mean for development models? What could a new world order, based on ecological, gender and social justice look like?**

Since its publication in September 2009 the journal contents are being debated during three international dialogues in New York, The Hague and Dar es Salaam organized by Hivos and SID. These events bring together participants from academia, government, business and civil society to deepen the debate and to stimulate ongoing discussion. After the initial launch of the journal at UNDESA in New York in October, the second event was held in The Hague in December 2009, the final debate will be in February 2010 in Dar es Salaam. This brief report looks at the key issues raised during the intergenerational debate in The Hague on how to place people at the centre of economics. The meeting focused on how to establish collective responsibility for sustainable livelihoods in wake of the crises. Building on an analysis of the crises by keynote speaker Rick van der Ploeg the panel and the audience sketched out how to resituate the market within society and how its regulation can be better placed in the hands of citizens. The meeting was chaired by Jan Pronk, President of SID.

### Opening Session

Wendy Harcourt (editor of the journal *Development*) set the stage by stressing the multiplicity of the crisis and making a call for positive and constructive responses. She gave three examples of what this response could entail: supporting the social economy and solidarity economics; linking western understandings of the economy and development with different cosmologies in order to take into account culture, the environment and new forms of global ethics, and learning from care economies, in particular recognizing how women's reproductive and productive work needs to be better balanced and more acknowledged in the solutions to the crises.

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**"Let's look at what is positive in human dynamics in the face of disaster so that we can ensure that public good triumphs over private greed" Wendy Harcourt"**

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Rick van der Ploeg (University of Oxford) called for a new global green deal, based on a thorough understanding of the enormous impact the global crisis could have if not dealt with seriously. The impact of multiple crises is vastly uneven and will undermine the ability to sustain prosperity and eradicate poverty and may even result in conflict and war in the scramble for natural resources. He proposes that political leaders should seek for a global deal whereby resource-rich developing countries are helped to cope with managing very volatile streams of resource revenues while cutting back pollution of the energy industries.

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**"The various global crises affect the poorest countries of our planet the most and, mostly, it's not even their fault" Rick Van der Ploeg**

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### Panel Debate

Subsequently, an international panel of civil society experts - Franck Amalric, Arthur Muliro and Allert van den Ham kicked off a debate with the audience.

### Cultural shifts

Franck Amalric (contributor to *Development* 52.3 and independent writer) urged the audience to realize that a cultural shift needs to precede any real change in the economic system. A focus on market failure will not suffice to develop relevant responses to the crisis. A much broader perspective and a more profound change is needed to change the current system. A cultural shift can empower people to reach a new type of politics and economics. This new politics can lead to new institutions that guide us towards a new common future.

### The economics of development

He argued that we need to recognize that economics has taken a political role in development. It has become the main measuring tool for change, but we cannot measure peoples' rights, dignity and identity, they are not for sale. Economics can only look at market failures, efficiency and distribution and does not take into account key issues that are not commensurable with money. That is why economics can only be part of the development agenda, accompanied by ethics and culture.

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**"We cannot measure people's rights dignity and identity, they're not for sale" Franck Amalric**

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### Ethics

Allert Van der Ham (Hivos) reminded the audience that any response to the crisis should address the accountability question, whether it is regulation of the market or more systemic changes. We should also acknowledge that the market fails to deliver to those who are most in need. The

bottom billion have not benefited from market development. Restoring the old order is not going to solve persistent problems. Neither will a shift from state to market. So, we need to challenge the ethics of decision making and the

<sup>1</sup> (vol. 52, no. 3 [www.sidint.org/development](http://www.sidint.org/development) )

moral component of the economy. A new form of morality is needed that engages all people.

Arthur Muliro (Society for International Development) also expressed concern about the ethics of decision making. The perceived global nature of the crisis is calling for global responses rather than context-specific, localized responses. This global approach to the crises has led to the marginalization of particularly the South in multilateral decision making process. The ethics of decision making are to be redefined if we want to resituate the market within society.



**Chair Jan Pronk prompting the panel members**

### **Social agenda**

A way of resituating the market within society is by setting a social agenda for the economy. Van der Ham took as an example two welfare programmes, one from Brazil and one from India where economic interventions supported a social agenda for schools and labourers. Bolsa Família, part of the Brazilian governmental welfare programme, provides financial aid to poor and indigenous Brazilian families on the condition that their children attend school and are vaccinated. The programme attempts to reduce short-term poverty by direct cash transfers and fight long-term poverty by increasing human capital among the poor through conditional cash transfers. In India, the implementation of the National Rural Employment Guarantee Act (NREGA) aims to enhance the livelihood security of people in rural areas by guaranteeing hundred days of wage-employment in a financial year to a rural household which volunteers to do unskilled manual work. The Unorganised Workers Social Security Bill ensures welfare provisions in India for workers in India's informal economy. Civil society in both countries played a large role in pressuring governments to make provisions for those not benefiting from economic growth. They should be in the forefront again to ensure that responses to the crisis take into account all peoples needs.

### **The role of research**

The role of research was debated by Harcourt and van der Ploeg in broad sense (quantitative versus qualitative research) and in a more narrow sense, eg the role economic research and economists can play in addressing the crisis. Economists were called upon to take a broader perspective

in analysing market failure. For this more qualitative and more indepth quantitative research is needed, especially on the impact of the global financial crisis on women and men living on the margins in the poorest countries.

### **Collective responsibility**

As the opening speeches underlined, the multiple global crises we are the outcome of our collective thinking and ways of working which have benefited some, but has left many impoverished. We cannot expect those that are hit hardest, through no fault of their own, to bear responsibility for a system from which they are marginalized. If we would like every individual to take his or her responsibility, then we should all be part of a new economy. Institutions have a role to play in this new economy but only if they are democratic and empower people to take joint responsibility for a common future.

### **Ways forward**

The meeting concluded that building collective responsibility for sustainable livelihoods can only be accomplished by creating an inclusive economy with a social agenda, governed by democratic institutions and empowered by responsible citizens. To transform our current economic system into a more sustainable and democratic one is to be preceded by a cultural shift which resituates the market within society (including culture) and is based on a new form of morality.

### **From New York to Dar as Salam**

In his concluding remarks, The Chair Jan Pronk underlined that the debate emphasized the need to bring people, culture, power and nature back into the economic debate. And it also generated ideas about how the market can be resituated within society. So, given the debate so far, what's next?

The journal and dialogues in New York and The Hague brought together a multitude of perspectives from all over the world. However, the region that all perceived to be hardest hit by the multiple crises is Africa, and in the discussions African voices were the least represented. The process of debate is therefore now to be continued in Tanzania where a final 'Beyond economics' seminar will take place. The meeting in Dar es Salaam will address the socio-economic impact of the crises in East Africa at macro and micro levels. In addition, volume 53 of *Development* will be devoted to revisiting human development with the third issue to be prepared with Hivos looking at sustainable livelihoods and local economies.

### **On-line debates**

A lively discussion can also be found on the SID Forum with Reports from the New York meeting, debates, interviews and articles from the journal issue at [www.sidint.net](http://www.sidint.net) and the Hivos Knowledge Programme website at [www.hivos.net](http://www.hivos.net)